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NOV 22 1954

MEMORANDUM FOR: Deputy Director (Plans)  
Deputy Director (Intelligence)  
Assistant Director for Communications  
Assistant Director for Personnel  
Director of Training

SUBJECT : Use of Nonappropriated Funds

1. I am quoting below from the Eleventh Intermediate Report of the Committee on Government Operations, which deals with the use of nonappropriated funds by executive agencies.

"The subcommittee believes that executive agencies operating overseas have tended to regard the latter funds as some sort of stage money expendable with less restraint and economy than appropriated dollars. This premise is, of course, fallacious. Foreign currencies represent purchasing power in foreign countries in exactly the same way that dollars represent purchasing power in this country. The fact that they are not readily convertible into United States dollars should not lead our representatives abroad into the delusion that they can be squandered, misappropriated or abandoned without harm to the effective implementation of our foreign policy. In recent years the Congress, in the process of providing foreign aid, relaxed its traditional control over expenditures by executive agencies at their request. This was done in the name of granting flexibility to executive agencies to meet exigencies. Especially was this true with regard to the uses made of foreign currencies which until recently could be spent for the most part without specific justification to the Congress in advance.

The Congress has now reasserted control over foreign currency and credits through section 1415 of Public Law 547, 82nd Congress, effective June 30, 1953, known as the Supplemental Appropriation Act, 1953, which reads:

Foreign credits owed to or owned by the United States Treasury will not be available for expenditure by agencies of the United States after June 30, 1953, except as may be provided for annually in appropriation Acts and provisions for the utilization of such credits for purposes authorized by law are hereby authorized to be included in general appropriation Acts."

2. This is called to your attention inasmuch as it is representative of the thinking of Congress and the actions of our Agency must be such that we would not be open to extensive criticism in connection with this activity even

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though our operations may not, on a day to day basis, come under the scrutiny of the General Accounting Office or the Bureau of the Budget. We must operate on the basis that in the event our activities would come under their scrutiny, we would be able to justify them and support our position without embarrassment.

15/  
L. K. WHITE  
Deputy Director  
(Administration)

✓  
: Apprag. (Budget)